



PARAMOUNT  
PROPERTY TAX APPEAL


# PROP 15 SURVIVAL GUIDE FOR PROPERTY OWNERS

**NO<sub>ON</sub> PROP 15**




# PROP 15 SURVIVAL GUIDE FOR PROPERTY OWNERS.

- 1. Why is it important to oppose Proposition 15? If passed, Proposition 15 will cancel Proposition 13 protections for nearly all commercial and industrial property owners. Prop 15 will raise property taxes by \$269 billion.**
- 2. Who is impacted? Everyone! All residents of California will be affected. Landlords, tenants and consumers will all pay for this tax. Property taxes imposed by Prop 15 will be passed down to everyone through their grocery bills, restaurant prices, gasoline sales, and merchandise purchases.**
- 3. Smart Action Items property owners should be taking now:**
  - A. Verify Public Records.** Does the assessor have the correct square footage and year built for your property? If Prop 15 passes, the Assessor will use their building records to determine your new taxable values. If the Assessor's records show a larger area than your building that fact will result in a higher value.
  - B. Review all Your Leases.** We recommend that you review all of your leases to determine whether you can pass through increased property tax expenses to your tenants. Often leases will have limits on the amount of CAM charges that you can pass through to your tenants. Some leases have provisions governing who is responsible for any increase in expenses.

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- C. For Modified Gross leases, review whether you or your tenant is responsible for increased property taxes.
  - D. If passed, Prop 15 will increase the taxable value of your properties as of January 1, 2022. Review any leases renewing before that date to protect yourself from any increase in property taxes.
  - E. There are two exemption from Prop 15 increase for commercial property owners:
    - a. The market value as of 1/1/2022 is less than \$3 million. In order to be eligible for the exclusion, the owner will need to submit an application stating that this is the only property they own that is commercial property that is located in the State of California.

This potential exemption will cause problems for property owners with multiple parcels, and if you own properties in other counties. There are many unanswered questions that will need to be resolved.

- b. If the subject property has a business that has less than 50 full time employees and that business occupies 50% or more of the property, that property would be exempt from split roll for years 2022-2025. Starting in the year 2025, that property would not be eligible for exemption, and the owner would need to file for the exemption. If an owner has multiple locations, is the 50 employee limit for each location, or a total of all locations?

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- F. Interview and engage with a property tax agents. Property tax advocates provide a very unique service. Only a handful of consulting companies currently in California have the systems in place and the experience and relationship with tax assessors and the Board members.

## **Begin to Plan Now!**

We anticipate that the level of demand for property tax advocate services to increase 10 fold. Having a competent and professional tax agent ready to go will be key to a successful outcome. By engaging an agent now, you will start the process of setting up your properties in their appeals system.

They can assist in estimating your new property tax burden so you can prepare long-term budgets. Waiting will be a recipe for disaster! One aspect of Prop 15 will require property owners to submit evidence of the reduction sought. That means you must supply evidence supporting your requested reduction at the time you file your appeals. This will be a very difficult task if you engage a tax agent too close to the appeals deadline, as gathering the documents and information is a time consuming task.



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